

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 664

March 22, 2013

SUMMARY OF BILL: Requires applicants to public higher education institutions' teacher training programs to have a composite ACT score of at least 25 and a combined SAT score of at least 1150 in order to be accepted into such programs.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$33,763,600/FY13-14

Exceeds \$35,789,400/FY14-15 and Subsequent Years

Decrease State Expenditures - \$29,651,500/FY13-14

Exceeds \$32,398,500/FY14-15 and Subsequent Years

Assumptions:

- The Tennessee Student Assistance Corporation estimates that fewer students will receive an award from the Minority Teaching Fellow Program (MTFP) and the Tennessee Teaching Scholars Program (TTSP).
- For the MTFP, TSAC estimates that 101 students will not receive a \$5,000 award each year. The decrease in state expenditures is estimated to be \$505,000 (101 x \$5,000).
- For the TTSP, TSAC estimates that 95 students will not receive a \$5,000 award in FY13-14 and 93 will not receive an award in FY14-15. The decrease in state expenditures is estimated to be \$475,000 (\$5,000 x 95) in FY13-14 and \$463,000 (\$5,000 x 93) in FY14-15.
- The decrease in state expenditures for scholarships in FY13-14 is estimated to be \$980,000 (\$505,000 + \$475,000) and \$968,000 (\$505,000 + \$463,000) in FY14-15.
- The number of students who will choose to enter a teaching program at a private college or university or enroll in a public university with a different major, is unknown and is dependent upon multiple unknown factors; however, it is reasonably estimated that 70 percent of such in-state students will enroll in a non-public college or university; 30 percent of such in-state students will enroll at a public institution with a different major; and 100 percent of out-of-state students will enroll at a private institution or a public institution in another state.

- The estimated loss in state revenue and decrease in state expenditures for this bill will first be estimated as if all applicable students will enroll in a private institution. This will provide the maximum impact assuming all effected students would not attend a Tennessee public institution. With these estimates, a discount factor will be applied to derive the impact for only those students that will not attend a Tennessee public institution as a result of this bill; some portion will be assumed to enter into other programs at Tennessee public institutions.
- The Tennessee Board of Regents (TBR) estimates that 1,927 students will not be eligible for entry into a teacher training program each year. Of this number, 1,696 are estimated to be in-state students and 231 are estimated to be out-of-state students.
- TBR estimates the loss in state revenue for in-state students to be \$10,071 per in-state student and \$20,834 per out-of-state student.
- The recurring decrease in state revenue for in-state TBR students is estimated to be \$17,080,416 ($\$10,071 \times 1,696$); for out-of-state TBR students is estimated to be \$4,812,654 ($\$20,834 \times 231$).
- TBR estimates the cost of educating a student is \$10,071. The recurring decrease in state expenditures relative to in-state TBR students is estimated to be \$17,080,416 ($1,696 \times \$10,071$); relative to out-of-state TBR students is estimated to be \$2,326,401 ($\$10,071 \times 231$).
- The University of Tennessee (UT) estimates that 1,445 students will not be eligible for entry into a teacher training program each year. Of this number, 1,228 are estimated to be in-state students and 217 are estimated to be out-of-state students.
- UT estimates the loss in state revenue to be \$13,365 per in-state student and \$24,913 per out-of-state student.
- The recurring decrease in state revenue for in-state UT students is estimated to be \$16,412,220 ($\$13,365 \times 1,228$); for out-of-state UT students is estimated to be \$5,506,121 ($\$24,913 \times 217$).
- UT estimates the cost of educating a student is \$13,365. The recurring decrease in state expenditures relative to in-state UT students is estimated to be \$16,412,220 ($\$13,365 \times 1,445$); relative to out-of-state UT students is estimated to be \$2,900,205 ($\$13,365 \times 217$).
- The recurring decrease in state revenue for all in-state students, using a discount factor of 70 percent for those students that will attend a private college or university, is estimated to be \$23,444,845 [$(\$17,080,416 + \$16,412,220) \times 70\%$].
- The recurring decrease in state revenue for all out-of-state students is estimated to be \$10,318,775 ($\$4,812,654 + \$5,506,121$).
- The total decrease in state revenue is estimated to be \$33,763,620 ($\$23,444,845 + \$10,318,775$).
- The decrease in state expenditures for all in-state students, with 70 percent attending a private college or university, is estimated to be \$23,444,845 [$(\$17,080,416 + \$16,412,220) \times 70\%$].
- The decrease in state expenditures for all out-of-state students is estimated to be \$5,226,606 ($\$2,326,401 + \$2,900,205$).
- In FY13-14, the total decrease in state expenditures, including scholarship reductions, is estimated to be \$29,651,451 ($\$980,000 + \$23,444,845 + \$5,226,606$).

- In FY14-15 and subsequent fiscal years, the recurring decrease in state revenue and the recurring decrease in state expenditures will grow by approximately six percent due to the annual six percent rate of growth in tuition. As a result, the recurring decrease in state revenue is estimated to exceed \$35,789,437 ($\$33,763,620 \times 106\%$) and the recurring decrease in state expenditures is estimated to exceed \$32,398,538 [$(\$29,651,451 \times 106\%) + 968,000$].

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is positioned above the printed name.

Lucian D. Geise, Executive Director

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